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## China - Peoples Republic of

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### **ATO Guangzhou drives U.S. wood sales in South China**

**Report Categories:**

Wood Products

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**Report Highlights:**

In the past three years, ATO Guangzhou recruited U.S. hard and soft wood exporters, local importers, manufacturers, and retailers to expand sales by developing Mainland China's domestic home furnishings market. As a direct result, exports of U.S. hardwood lumber increased by 16 percent in 2012 reaching \$560 million in value. ATO Guangzhou assisted the National Hardwood Lumber Association (NHLA), Wisconsin State, American Hardwood Export Council (AHEC), and a Michigan sawmill in providing them market briefings, matchmaking meetings with local manufacturers and importers, as well as visits to the major wholesale markets. The 2013 Guangzhou Interzum show drew 19 U.S. exhibitors in the U.S. pavilion. Potential sales of U.S. woods in the month of March due to ATO Guangzhou's interventions are expected to total \$250,000.

## General Information:



*Visit to Lacquercraft*

**ATO Guangzhou ties the National Hardwood Lumber Association (NHHLA) to China's largest furniture maker:** Prior to the Guangzhou Interzum show, ATO Guangzhou arranged a field visit for U.S. hard wood exporters to meet with the largest buyers of U.S. woods in South China. To understand the trends in China's furniture business, ATO Guangzhou arranged a visit to Lacquercraft offices. Lacquercraft arrived in Guangdong Province's Dongguan (also known as the "Factory of the World") 20 years ago and is now the largest furniture

maker in Asia. The Taiwanese invested and managed enterprise is headquartered Dongguan: China's premier furniture manufacturing and export hub. Mr. Zhang, Manager of Operations, revealed that Lacquercraft produced solely solid wood furniture and sourced woods exclusively from the States. The company used to import 100 to 200 containers of woods on a monthly basis directly from the United States; however, recently impacted by the economic downturn, it imports about 50 to 60 containers of U.S. woods. Mr. Zhang also shared that the company used to export most of the furniture to Europe and the United States, but is currently angling its business model toward China's domestic market-- a practice that ATO Guangzhou Director has rallied for with U.S. producer association and local enterprises in the past three years. When funding is available, ATO Guangzhou plans to continue cooperation with wood retailers, local home owners, and major manufacturers to support the sales of furniture made with U.S. wood.

**Wisconsin Wood delegation impressed by the significant market opportunities in South China:** Led by the Agriculture Department of the State of Wisconsin, a group of wood exporters visited South China for the first time to explore opportunities for U.S. hardwood lumber. ATO Guangzhou delivered a market briefing to the delegation with a focus on China's home furnishings, flooring, paneling and furniture industry. ATO Guangzhou staff then led exporters to the Xinye Timber Wholesale Market and arranged meetings with local wood importers in Dongguan. The delegation was impressed with the high level of knowledge the local trade had on products they were interested in exporting and many excited Wisconsin delegates exchanged price quotations with South China buyers. The buyers later invited the delegation to inspect their local warehouses. Overwhelmed by the warm welcome to the delegation and demand for Wisconsin wood exports, the State of Wisconsin is now considering a partnership with ATO Guangzhou to organize a buyers' mission to the United States first, and then, to conduct a retail promotion with a local South China manufacturer. Wisconsin wood exporters received many inquiries on available stocks and many have already informed ATO Guangzhou of sales that culminated after our trade assistance.

**ATO Guangzhou bring 30 top importers to AHEC reception:** Given 19 U.S. wood exporters exhibited at the 2013 Interzum wood show in Guangzhou, ATO Guangzhou invited 30 U.S. wood importers many of

which were also involved in the manufacturing and retail of wood products to meetings with visiting U.S. exporters. The reception was co-sponsored by the American Hardwood Export Council and ATO Guangzhou. One of the VIP guests, Mr. Wang Ke of the Guangdong Furniture Association announced that Guangdong's total furniture sales in 2012 grew 15 percent to \$55 billion, and accounted for 30 percent of China's total furniture sales. This data gave stronger confidence to the wood manufacturing industry which has been undergoing a period of consolidation during the last five years. ATO Guangzhou invited local buyers not only from Guangdong, but also traders and manufacturers from Fujian Province and distributors from Northern China to participate in the AHEC and ATO Guangzhou reception. ATO Guangzhou also introduced new and potential buyers to U.S. wood exporters. Further business negotiations continue taking place two months after the Interzum show as a direct result of ATO Guangzhou's support.



*U.S. Hardwood Lumber*

**Michigan sawmill matchmaking with the two largest wood flooring manufacturers in China:**

ATO Guangzhou arranged a meeting and accompanied two representatives from a large Michigan sawmill to meetings with major wood buyers. The meeting took place in the Jilong Timber Market and ATO Guangzhou escorted the visitors to meetings with several companies that handled U.S. woods. Product information was shared and there was great interest to follow up on. After the meetings, ATO Guangzhou travelled with the visitors to Shunde and Zhongshan to discuss cooperation with two of

the largest flooring manufacturers in China. The Michigan sawmill representatives were impressed with the reception local buyers gave them and surprised of the demand high quality lumber. Both manufactures will be sending buyer teams to inspect U.S. inventories and prepare for large purchases in the coming months. ATO Guangzhou will monitor these sales and report back in a separate report. These sales would not have happened had it not been for ATO Guangzhou direct interventions.

**Conclusion:** Based on information verified by our trade contacts, this busy March, ATO Guangzhou facilitated the sales of \$250,000-worth in U.S. woods.